



DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230
[Docket Number 17-BIS-0005]

In the Matter of: Narender Sharma Middle Bazzar, Rampur Bushahr Distt. Shimla (H.P.) 172 001 India, Hydel Engineering Products Middle Bazzar, Rampur Bushahr Distt. Shimla (H.P) 172 001 India, Respondents;

Order Activating Suspended Portion of Civil Penalty and
Activating Suspended Denial of Export Privileges Against
Narender Sharma and Hydel Engineering Products

On August 31, 2017, I signed an order (the “August 31, 2017 Order”) approving the terms of the settlement agreement entered into in August 2017 (the “Settlement Agreement”) between the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), and Narender Sharma (“Sharma”) and his company Hydel Engineering Products (“Hydel” or “Hydel Engineering”) (collectively, “Hydel/Sharma” or “Respondents”). The Settlement Agreement and the August 31, 2017 Order relate to an enforcement action brought by BIS against Hydel and Sharma for conspiring to export items from the United States to Iran, including to an Iranian Government entity, without the required U.S. Government authorization, in violation of the Export Administration Regulations (the “Regulations”), which issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).¹

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The Regulations issued under the Act, 50 U.S.C. app. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 15, 2017 (82 Fed. Reg. 39,005 (Aug. 16, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012).

The Settlement Agreement and August 31, 2017 Order imposed on Hydel and Sharma a civil penalty of \$100,000, for which they are jointly and severally liable. Hydel and Sharma were required to pay \$30,000 of this amount to the U.S. Department of Commerce by no later than December 15, 2017. Payment of the remaining \$70,000 was suspended for a probationary period of five years from the date of the August 31, 2017 Order, after which it would be waived, provided that during this five-year probationary period, Hydel and Sharma made full and timely payment of \$30,000 as set forth above, otherwise complied with the terms of the Settlement Agreement and the August 31, 2017 Order, and committed no other violation of the Act, the Regulations, or any order, license, or authorization issued thereunder.

The Settlement Agreement and the August 31, 2017 Order also imposed a five-year denial of Hydel and Sharma's export privileges under the Regulations. This denial order was suspended pursuant to Section 766.18(c) of the Regulations, subject to the same probationary conditions described above, including Hydel and Sharma's full and timely payment of \$30,000 by December 15, 2017. If Hydel and Sharma failed to make such full and timely payment, the suspension could be modified or revoked by BIS and a denial order including a denial period of up to five years activated against Hydel and Sharma. Upon activation of the denial order, any license issued pursuant to the Act or Regulations in which Hydel or Sharma had an interest at such time would be revoked.

BIS has brought to my attention that Hydel and Sharma have not paid the \$30,000 that was due by December 15, 2017, and thus that Hydel and Sharma have violated one of the probationary conditions relating to the \$70,000 suspended portion of the civil penalty and the suspension of the denial of their export privileges.

In accordance with Sections 766.17(c) and 766.18(c) of the Regulations, I notified Hydel and Sharma, by letter dated February 12, 2018, of the proposed activation of these suspended sanctions, and provided them with an opportunity to respond, including an opportunity to explain their failure to make the December 15, 2017 payment of \$30,000, and to show why I should not activate the \$70,000 suspended penalty amount, issue an active five-year denial order against them, or take both actions.

Neither Hydel nor Sharma has responded to the February 12, 2018 letter. The \$30,000 civil penalty payment that was due by December 15, 2017, also remains unpaid.

Based on the totality of circumstances here, I have determined within my discretion that it is appropriate to activate the \$70,000 suspended portion of the civil penalty and to activate a denial order including a five-year denial period.

IT IS THEREFORE ORDERED:

FIRST, the suspension of the \$70,000 suspended portion of the civil penalty set forth in the August 31, 2017 Order is hereby revoked, and that this now-activated \$70,000 civil penalty amount shall be paid to the U.S. Department of Commerce within 15 days of the date of this Order. Hydel and Sharma are jointly and severally liable for payment of this amount, and continue to be jointly and severally liable for the \$30,000 civil penalty amount they were required to pay by December 15, 2017, along with any related interest, penalty, or administrative charge that has accrued or may accrue as a result of their failure to pay \$30,000 by the December 15, 2017 due date.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the \$70,000 civil penalty amount activated by this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the

due date specified herein, Hydel and Sharma will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, for a period of five years from the date of this Order, Hydel Engineering Products, with a last known address of Middle Bazzar, Rampur Bushahr Distt. Shimla (H.P.) 172 001, India, and Narender Sharma, with a last known address of Middle Bazzar, Rampur Bushahr Distt. Shimla (H.P.) 172 001, India, and when acting for or on their behalf, their successors, assigns, representatives, agents, or employees (each a “Denied Person” and collectively the “Denied Persons”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, license exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging in any other activity subject to the Regulations; or

- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FOURTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of a Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by a Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from a Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from a Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For

purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

FIFTH, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to a Denied Person by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order.

SIXTH, any license issued pursuant to the Act or Regulations in which Hydel or Sharma has an interest of the date of this Order is hereby revoked.

SEVENTH, this Order shall be served on Hydel and Sharma, and shall be published in the *Federal Register*.

This Order is effective immediately.

Issued on July 30, 2018.

Richard R. Majauskas,
Acting Assistant Secretary of Commerce
for Export Enforcement.

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